

## NICHE MARKETING- TARGETING THE RIGHT CUSTOMER

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**Abstract :** Many kinds of companies effectively use niche marketing strategies in their overall marketing campaigns. It is an especially useful strategy for smaller companies with limited budgets and products or services that are targeted toward a certain segment of the population. Even large companies and organizations that offer products and services that are widely used and mass marketed often use niche marketing techniques. Most major car companies, for example, now offer energy-efficient hybrid models of their automobiles that appeal to niche segments of the population—environmentalists and urban drivers with long commutes. They hone in on that smaller segment of their market with high visibility on city highways and in the stores, magazines, and online sites frequented by especially “green” consumers. Niche Marketing is especially effective for reaching consumers who can be targeted based on certain characteristics, such as demographic, hobby, occupation, or commitment to social or political causes .

**Key words:** Niche marketing, Target market, segments, strategies, customers, Demographic

### INTRODUCTION

Concentrating all marketing efforts on a small but specific and well defined segment of the population. Niches do not 'exist' but are 'created' by identifying needs, wants, and requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them. As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond. Also called micromarketing.

A niche market is the subset of the market on which a specific product is focused. The market niche defines the product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that is intended to impact. It is also a small market segment. For example, sports channels like STAR Sports, ESPN, STAR Cricket, and Fox Sports target a niche of sports enthusiasts.

Every product can be defined by its market niche. The niche market is highly specialized, and aiming to survive among the competition from numerous super companies. Even established companies create products for different niches, for example, Hewlett-Packard has all-in-one machines for printing, scanning and faxing targeted for the home office niche while at the same time having separate machines with one of these functions for big businesses.<sup>[2]</sup>

In practice, product vendors and trade businesses are commonly referred as mainstream providers or narrow demographics niche market providers (colloquially shortened to just niche market providers). Small capital providers usually opt for a niche market with narrow demographics as a measure of increasing their financial gain margins.

The final product quality (low or high) is not dependent on the price elasticity of demand, but the specific needs that the product is aimed to satisfy and, in some cases, aspects of brand recognition (e.g.

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prestige, practicability, money saving, expensiveness, environmental conscience.)

### OBJECTIVES OF THE STUDY:

- 1.To understand the opportunities for Niche Marketing
- 2.To understand the challenges faced by Niche Marketing.
- 3.To suggest some Niche Marketing strategies.

### RESEARCH METHODOLOGY

This research article has been developed from descriptive secondary information searched by reviewing literature about Niche Marketing published in research journals in the form of research articles, research reports of various organizations and books of Niche marketing.

### 2.ADVANTAGES AND PROBLEMS OF NICHE MARKETING:

A niche market is a small segment. Marketers usually identify niches by dividing a segment into sub-segments or by defining a group, whose needs are not well served by the existing marketers. Normally, small firms enter in niche markets, because the niche segment may be so small that the larger firms may not have the flexibility or desire to enter.

However, there are large and reputed firms that undertake niche marketing, which include Rolls Royce, Rolex Watches, Nike, Johnson & Johnson, Procter & Gamble, and so on. It is also called as focused marketing.

Although the size of the market is small, adopting a niche strategy can be profitable because of the following reasons:

1. There is little or no competition.
2. The niche marketers' end up knowing the target customers so well that they meet their needs better than other firms that are casually selling to such niche segments. As a result, the niche marketers achieve high margins because of the added value to the goods and services.

#### 2.1 Advantages of Niche Marketing:

**2.1.1 Less investment:** Niche marketers require less investment as they have to produce limited goods for the niche market.

**2.1.2 Less risks:** There may be lesser risks, as the marketing is done to a very small segment of the market.

**2.1.3. Higher profits:** Niche marketing is profitable because the niche marketers' end up knowing the target customer group so well that they meet their needs better than other firms that casually sell to this niche.

**2.1.4. Brand loyalty:** There can be brand loyalty. The customers may continue to repeat the purchases of the same brand, and they may even recommend it to their friends and others.

**2.15. Goodwill:** A niche marketer can earn name and reputation in the market. For example, companies such as Rolex Watches and Rolls Royce command a lot of goodwill.

**2.16. Less competition:** Niche marketers normally face less competition in the market, as they deal with a specific product for a small segment of the market.

#### 2.2.3 Problems in Niche Marketing:

When focusing on a much smaller market, disadvantages of niche marketing can seem to be inherent in nature. You are working with a smaller market, so there are fewer customers. Most of the time, this would seem counterproductive to growing a business, but for the beginner, these higher converting customers may be enough to get your foot in the door.

Another consideration on the list of disadvantages of niche marketing is the propensity of the market to change quickly. Although considered an advantage of niche marketing, working on small, changing markets requires a consistently large amount of research. Keeping up with new information as quick as it comes out can be a full time job in and of itself.

### ANOTHER PROBLEMS IN NICHE MARKETING ARE:

1. The niche marketing strategy may not be suitable for long-term marketing, as niches may not give adequate business.
2. The niche markets may be invaded by large companies, and small marketers may find it difficult to

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“Skill Development : The Key to Economic Prosperity”

compete.

### **3.A FIRM'S SURVIVAL CHANCES MAY DECREASE IF IT DEPENDS SOLELY ON NICHE**

#### **3.STRATEGIES FOR NICHE MARKETING TO BE SUCCESSFUL:**

A Product or service marketing strategy requires obtaining specific information on the consumers in the targeted group for niche marketing success. Any company can find a niche to promote a product or service in. Just because you find a niche, doesn't mean you're guaranteed to gain their business. Members of the targeted group know their stuff. A sales representative doesn't stand a chance in establishing niche marketing success if they don't know how to 'talk shop' with members in the targeted group. Take some time to get to know the details about your niche and why they're so passionate about a certain hobby or interest. First, do your research; then, form trust with members before developing a marketing strategy.

Part of a marketing strategy for niche marketing success needs to include a time period for establishing trust with prospective clients. This will be a period where your company isn't trying to sell its products or services. Share the targeted groups interest by getting involved in their community. Most communities post through forums online or have weekly to monthly gathering in order to participate in their activity of interest. Start by showing up to events and getting to know your niche's community. Get to know inner-circle conversation by identifying and using jargon. Obtain niche-marketing success through first establishing your right of passage in the community. Be patient with this process. It could take anywhere from 2 to 3 months to fully establish yourself in the community.

Once you've established personal acceptance within the group, you'll need to focus on a marketing strategy for niche marketing success. Plan out how you're going to establish great service throughout the sale. Never make a sale within the niche and discontinue your interest in their satisfaction. Niche marketing success depends on word-of-mouth references and repeat buyers.

A marketing strategy for niche marketing success takes time to develop and establish. You will need superior customer service representatives, trusting buyer to seller relationships and solid, dependable products or services. Never skimp on quality for quantity when working within a niche.

Along the way, it will seem like a lot of work without any immediate payoffs. However, this is where smaller, more personalized organizations make better profit over large corporate businesses. A marketing strategy for niche marketing success gathers lifetime buyers and provides company security for many years. Corporate business last and thrive on their next successful marketing campaign and only guarantee business until the popular product loses public interest. Secure, meaningful and lifelong success thrives on niche marketing success and relationships developed within your marketing strategy make the company's existence stand for a greater purpose.

#### **4. CONCLUSION:**

Niche businesses specialize in a certain area or type of product, often allowing them a competitive advantage over other businesses. Narrowing the focus on potential buyers allows specialized businesses to implement marketing plans that highlight areas of a product that will appeal most to a certain demographic. Marketing strategies can be tailored to the specific product or service offered, creating a more effective overall advertising campaign. Having a specialized business also makes it easier to pinpoint the target audience.

However since niche market work with a smaller market, so there are fewer customers. The niche marketing strategy may not be suitable for long-term marketing, as niches may not give adequate business. The niche marketing to be successful it requires to follow certain strategies like they should select target carefully, listen to their customers, try to keep control on production as well as distribution cost, Some products that don't generate significant profit directly still help make a company's other products more profitable, Companies must relentlessly drop niche offerings that don't contribute to profitability directly or indirectly

All in all, the advantages simply outweigh the disadvantages of niche marketing and make it a worthy pursuit, even necessary when beginning in affiliate marketing. It can give a new marketer a chance to focus on a particular customer that can lead to a higher conversion rates, giving a reward for the efforts that were put forth.

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